

Message Text

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60

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 OIC-02 STR-04 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 AF-06

EA-07 EUR-12 NEA-10 FEA-01 /124 W

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R 071411Z NOV 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 739

INFO AMEMBASSY MEXICO

LIMITED OFFICIAL USE MTN GENEVA 8403

H PASS CODEL

PASS STR

E.O. 11652: N/A

TAGS: MTN ETRD

SUBJECT: QUANTITATIVE RESTRICTIONS CONSULTATIONS: MEXICO

REF: MTN GENEVA 8253

1. AT REQUEST OF HEAD OF MEXICO'S MTN DELEGATION, ABEL GARRIDO RUIZ, AND TO TAKE ADVANTAGE OF HIS PRESENCE IN GENEVA, US MTN DEL HAD PRELIMINARY EXCHANGE WITH HIM NOV 5 CONCERNING US QUANTITATIVE RESTRICTION (QR) NOTIFICATION OF MEXICO. USDEL HAS ALSO RECEIVED MEXICO'S QR NOTIFICATION TO US WHICH WAS TRANSMITTED MTN GENEVA 8358. GARRIDO WOULD LIKE TO HOLD FORMAL BILATERAL CONSULTATIONS ON BOTH THESE QR NOTIFICATIONS WHEN HE RETURNS TO GENEVA IN LATE NOVEMBER. REQUEST THAT ADDITIONAL INSTRUCTIONS FOR THESE CONSULTATIONS ARRIVE GENEVA BY NOV.

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26.

2. COMMENTS ON US QR NOTIFICATIONS BY GARRIDO FOLLOW:

A. IMPORT LICENSING: AS AN EMERGENCY LEASURE

ON JULY 14, LICENSING REQUIREMENT HAD BEEN EXTENDED FROM "NORMAL" 65 PCT COVERAGE OF IMPORTS TO NEARLY 100 PCT. SINCE THEN, ADDED LICENSE REQUIREMENTS HAD BEEN GRADUALLY REPLACED BY HIGHER IMPORT DUTIES ON A NUMBER OF PRODUCTS, BUT REQUIREMENT FOR LICENSING IS STILL ABOVE 65 PCT "NORMAL" LEVEL.

B. LICENSING PROCEDURES: 58 COMMITTEES EXIST

TO APPROVE LICENSES OF WHICH 23 MEET REGULARLY AND 35 ARE ON STANDBY. COMMITTEES INCLUDE REPRESENTATIVE OF BOTH IMPORTERS AND MANUFACTURERS, CHAMBERS OF COMMERCE AND OF INDUSTRY, WITH MINISTRY OF INDUSTRY AND COMMERCE MAKING FINAL DECISION. COMMITTEES WORK UNDER ESTABLISHED GUIDELINES, E.G. SIMILAR PRODUCT NOT PRODUCED DOMESTICALLY, ESSENTIALITY OF IMPORT, ETC. AND IMPORTS FALLING WITHIN THESE GUIDELINES ARE APPROVED "AUTOMATICALLY".

C. LIQUOR IMPORTS: GLOBAL IMPORT QUOTA, WITH QUOTA DIVIDED AMONG TRADITIONAL IMPORTERS, AND DOMESTIC LIQUOR MANUFACTURERS. DOMESTIC MANUFACTURERS RECEIVE INCREASED IMPORT QUOTAS AS THEIR DOMESTIC PRODUCTION INCREASES. LIQUOR IMPORTS MUST BE APPROVED BY MINISTRY OF HEALTH AND BE BOTTLED AT POINT OF ORIGIN UNLESS EXCEPTION GRANTED. TYPE OF MINIMUM IMPORT PRICE IN EFFECT TO PROTECT DOMESTIC LIQUOR MANUFACTURERS. GARRIDO TO SUPPLY MORE DETAILS.

D. MOTION PICTURE IMPORTS: NO MEXICAN RESTRICTIONS ON IMPORT OF US MOTION PICTURES/FILMS UNDER US-MEXICAN BILATERAL FILM AGREEMENT.

E. TOY IMPORTS: LICENSES GRANTED AT RATE OF ONE DOLLAR OF IMPORTS FOR EVERY \$1.50 OF EXPORTS. SPECIAL PROCEDURES AND EXCEPTIONS FOR EDUCATIONAL TOYS.

F. PROCESSED FOODS: GARRIDO HAD NO INFORMATION ON MEXICAN QR'S ON FOODS. BOTH DELEGATIONS TO SEEK ADDITIONAL CLARIFICATION OF PROBLEM.

G. AUTOMOBILE "MIXING REGULATION": MEXICAN AUTOMOBILE INDUSTRY CONSISTS OF EIGHT FOREIGN-OWNED SUBSIDIARIES. REGULATIONS INITIALLY PROVIDED FOR MINIMUM LIMITED OFFICIAL USE

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40 PCT LOCAL CONTENT AND 60 PCT IMPORTED, WITH INCREASED SHARE OF ANNUAL GLOBAL PRODUCTION QUOTA TO THOSE COMPANIES THAT INCREASE LOCAL CONTENT, WHICH NOW AVERAGES ABOUT 80 PCT. INCREASING PROPORTION OF DOMESTIC MANUFACTURE IS ESSENTIAL ELEMENT OF MEXICAN DEVELOPMENT POLICY. END GARRIDO COMMENTS. WALKER

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Margaret P. Grafeld
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